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STATINTL

The Washington Merry-Go-Round

# Taxpayer Loses in Niarchos' 'Tax Deal'

By Jack Anderson

Henry Ford's Greek son-in-law, Stavros Spiros Niarchos, the shipping millionaire, has been able to settle an amazing income tax case for less than six cents on the dollar.

The settlement closes the books on a deal which not only milked the American taxpayers out of millions, but helped Niarchos build one of the world's largest merchant fleets. During the Truman Administration Niarchos was indicted for his ship transfers, but the case was dropped by the Eisenhower Administration. Today, the international playboy seems to have just as much pull with the Johnson Administration.

His father-in-law, Henry Ford II, though a good friend of President Johnson's, is not particularly a good friend of his son-in-law. He never approved the marriage of his daughter Charlotte, aged 24, to Niarchos, aged 56.

Niarchos, incidentally, is reported to pay only \$2000 taxes in his native country, Greece, though he owns the island of Spetsopoula, where he is reputed to spend about \$250,000 annually. It was on this luxury island that King



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Constantine of Greece spent his honeymoon.

The story of Niarchos' tax settlement goes back to 1948 when Niarchos, through a U.S. company, began buying up surplus merchant ships which under the law could be sold only to American citizens. He put up the money to back the North American Shipping and Trading Co., which purchased a surplus tanker for a 25 per cent down payment.

## Ship Juggling

The tanker, renamed "Jenny," was promptly chartered to another Niarchos company, Compania Internacional de Vapores, in Panama for a monthly \$2.70 per deadweight ton. Then this company rechartered the same tanker to Socony Vacuum Oil Company for \$4.20 per dtw. ton.

It would take a team of accountants and attorneys to unravel all of Niarchos' financial manipulations. But following essentially the same pattern, the Greek shipping wizard acquired 14 tankers and six cargo ships. All the taxable profit was siphoned into the Panamanian company, leaving Uncle Sam with nothing but a huge mortgage on each ship.

By the time the Government caught on, Niarchos had discreetly departed for Switzerland where he could be near his secret, numbered

bank accounts. He left behind the surplus ships which, following the Korean war, had dropped in value far below the mortgages still outstanding. He also stripped his U.S. companies of all other assets, including a \$200,000 withholding tax fund.

Counting the diverted profits and mortgage default, he got away with \$40 million, which he used to build a commercial fleet of some 70 vessels.

The U.S. Government consoled itself by taking back the heavily mortgaged ships and indicting Niarchos and his associates. Thus the handsome, high-living Greek millionaire became the world's most fashionable fugitive, holding court in the Swiss resort town of St. Moritz, skiing in the Alps and yachting in the Mediterranean far from Uncle Sam's clutches.

However, a number of assets were within Uncle Sam's clutches and the unexplained question is why the Treasury did not clutch them. It could have seized his ships, all listed in Lloyd's Ship Register, which called regularly at U.S. ports.

It could have seized the substantial operating funds which he kept in the Chase Manhattan Bank. The Metropolitan Life Insurance Co., which had loaned him millions, held liens on his ship charters. He collected payments through U.S. channels from long-term

charters with Standard Oil of New Jersey, Socony Vacuum, Shell Oil and other major oil companies.

Yet the Internal Revenue Service, which has attached the salaries of many small wage earners to collect a few dollars in back taxes, didn't touch a penny of the golden Greek's money.

## Liaison With CIA?

One explanation of the favoritism is the report that Niarchos permitted CIA agents to travel on his ships through the Suez Canal and other trouble spots disguised as crew members.

Not until Niarchos married Charlotte Ford, daughter of the auto magnate, did he show an interest in settling his tax case and returning to the United States.

At first, Niarchos hired former Vice President Richard Nixon's law firm to handle his tax case. This was during the Eisenhower Administration. Later, with the Democrats in power, he turned it over to Harold Leventhal, legal adviser to the Democratic National Committee. When Leventhal became a Federal judge in 1965, his law partner, David Ginsburg, took over the case and settled it just in time for Niarchos to join Charlotte in this country for the birth of their baby.

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